

## Message Text

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15

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 FEA-01 AGR-10 CEA-01 CIAE-00

COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05 L-02 LAB-04

NSAE-00 NSC-05 PA-02 RSC-01 AID-05 CIEP-02 SS-15

STR-04 TAR-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01

IO-10 XMB-04 SAM-01 /122 W  
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FM AMEMBASSY MADRID

TO SECSTATE WASHDC 974

INFO AMCONSUL BARCELONA

AMCONSUL BILBAO

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E.O. 11652: N/A

TAGS: ETRD, SP

SUBJECT: REACTION TO US TRADE ACT OF 1974

THE JAN 23 ISSUE OF INFORMACION COMERCIAL ESPANOLA, PUBLISHED BY THE  
MINISTRY OF COMMERCE, IN ITS LEAD EDITORIAL, "THE US COMMERCIAL LAW"  
IN-

CLUDES FOLLOWING STATEMENTS (INFORMAL TRANSLATION BY EMBASSY):

"UPON ANALYZING THE TRADE ACT, TWO FUNDAMENTAL FACTS ARE  
IMMEDIATELY APPARENT: ONE, THAT IT OPENS THE DOORS TO THE PROCEDURE  
FOR MULTILATERAL TRADE NEGOTIATIONS INITIATED IN TOKYO DURING  
THE FALL OF 1973, AND TWO, THAT THE U.S. HAS ESTABLISHED ITS  
POLITICO-ECONOMIC POSITION BEFORE THE REST OF THE WORLD".

" WHAT IS MOST IMPORTANT IS THAT THE NEGOTIATIONS ARE ABOUT  
TO BEGIN AND THAT THEY PROMISE TO BE LONG AND STREWN WITH  
OBSTACLES. THE MOMENT IS NOT THE BEST FOR STATING A CLEAR  
WILL TO NEGOTIATE AROUND THE WORLD AND IT IS MORE TO BE EXPECTED  
THAT THERE WILL BE A CONTINUOUS UPSURGE OF NATIONALISM AND PRIVATE  
INTERESTS WHICH WILL ENDANGER THE PROPOSALS UNDER DISCUSSION.

"THE MORE SO IF WE CONSIDER THAT THE SUBJECTS DISCUSSED AS WELL

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AS TECHNIQUES EMPLOYED DURING THE KENNEDY ROUND WERE MUCH

SIMPLER... WE HAVE THEN ON THE ONE HAND THORNY SUBJECTS FOR DISCUSSION AND ON THE OTHER A HARDLY PROPITIOUS MOMENT, MORE APPROPRIATE FOR WITNESSING CONVULSIONS IN INTERNATIONAL TRADE THAN FOR EXPECTING GENEROSITY IN GENERAL. AT SHORT TERM THE BEST THAT CAN HAPPEN IS FOR AN EXTENDED PERIOD OF NEGOTIATIONS IN ORDER TO ARRIVE AT BRIGHTER DAYS AND ABOVE ALL, IT IS DESIRABLE TO AVOID HURRIED ENGOTIATION OF SUBJECTS WHICH AT THIS TIME ARE NOT PROPITIOUS. THE ONLY OPTIMISTIC FACTOR IS THAT THE WORLD IS IN AGREEMENT INsofar AS AIMING AT GREATER LIBERALIZATION AND AT LAST TO DISCUSS IT. "THE GENERAL ENUNCIATION OF THE LAW, WHICH IN PRICIPLE GIVES THE GREEN LIGHT TO A ROUND FOR TRADE LIBERALIZATION, IS ACCOMPANIED BY SO MANY LIMITATIONS AS TO QUESTION THE EXISTENCE OF A TRUE NEGOTIATING SPIRIT. THE LAW GIVES POWERS FOR REDUCING TARIFFS AND ELIMINATING BARRIERS, BUT IT ALSO GIVES POWERS FOR RAISING THEM. IT RECOMMENDS BILATERAL AGREEMENTS WHEN THESE ARE MORE SATISFACTORY THAN THOSE OF A MULTILATERAL NATURE. IT PROPOSES BROADER SAFEGUARD CLAUSES TO WHICH RECOURSE IS EASIER. IT GRANTS GENERALIZED PREFERENCES TO DEVELOPING COUNTRIES AND APPEARS MORE OF A PUNISHMENT FOR THOSE TO WHOM IT IS NOT CONVENIENT TO GRANT THEM, THAN A GENEROSITY TOWARD THOSE WHO NEED IT. "ONE THIS IS CLEAR: WITH THE MULTILATERAL NEGOTIATIONS, THE U.S. DESIRES TO DIMINISH THE BARRIERS SURROUNDING CERTAIN COUNTRIES: IN THE CASE OF THE EEC, ANY REDUCTION IN DUTIES OR BARRIERS AT THE INTERNATIONAL LEVEL IMPLIES AN IMPROVEMENT IN THE COMPETITIVE POSITION OF THE U.S. VIZ-A-VIZ THE PROTECTIONISM PREVALENT IN INTERCOMMUNITY EXCHANGES. " IN THE CASE OF DEVELOPING COUNTRIES, THE GRANTING OF GENERALIZED PREFERENCES WILL BE APPLIED FRAGMENTARILY, SINCE NEITHER THE COMMUNIST COUNTRIES NOR THOSE OF THE OPECX NOR ANY WHICH PARTICIPATES IN INTERNATIONAL CARTELS OR RECEIVES RECIPROCAL TRADE PREFERENCE WITH DEVELOPED COUNTRIES (I.E. EEC) OR CONTROL OR IMPEDE THE ACTIVITIES OF AMERICAN COMPANIES ABROAD (I.E. MULTINATIONALS) WILL BENEFIT FROM SAME. "THE LIST OF ACTUAL OR POTENTIAL BENEFICIARY COUNTRIES SHRINKS CONSIDERABLY AND THE QUESTION ARISES AS TO THE MEASURE IN WHICH THOSE REMAINING MAY BE ABLE TO EXPORT SOMETHING SUBSTANTIAL TO THE AMERICAN MARKET. THE EFFICIENCY AND ABILITY WITH WHICH AMERICAN TRADE EXPERIENCE TENDS TO TURN TO ITS ADVANTAGE THE MOST DIVERSE SITUATIONS BRINGS UP THE QUESTION "WHAT DOES IT UNCLASSIFIED

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PROPOSE TO DO THIS TIME?"

"IN VIEW OF THE FOREGOING, IT IS NOT STRANGE THAT THE IMMEDIATE WORLDWIDE REACTION TO THE TRADE ACT HAS BEEN CONFLICTING. RUSSIA HAS DENOUNCED ITS AGREEMENT, OPEC PROTESTS IN A BODY, EUROPE ADOPTS A CAUTIOUS WAIT AND SEE ATTITUDE. BECAUSE THE MESSAGE FROM THE SENATE TO THE CHIEF EXECUTIVE IS CLEAR: DEFEND AMERICAN INTERESTS AT HOME AND ABROAD.

"BUT ON THE OTHER HAND, THAT'S THE WAY IT HAD TO BE: WITHOUT

BROAD AND GENERAL POWERS, FORD WOULD BE UNABLE TO NEGOTIATE  
WITH THE NECESSARY FLEXIBILITY. NOW IT REMAINS FOR FORD TO  
OBSERVE THE DETAILS OF THE MANDATE TO THE LETTER, OR RATHER  
THAT HE USE IT TO ADVANCE ON POSITIVE GROUND".  
EATON

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